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**NEW ERA OF COLLABORATION NEEDED TO PROMOTE
NEW JERSEY'S LIFE SCIENCE CLUSTER, STUDY SAYS**

**HARVARD UNIVERSITY PROFESSOR MICHAEL E. PORTER SAYS STATE
MUST ADAPT TO KEEP PACE WITH COMPETITION, CHANGING TECHNOLOGY**

PRINCETON, New Jersey (February 14, 2003) — A groundbreaking study presented to Governor James E. McGreevey today at Prosperity New Jersey's Annual Meeting concludes that the state must embark on a new era of collaboration to promote its life science cluster.

"There is no doubt that New Jersey's life science innovation cluster is one of the brightest stars in our state's economy. For many years, this cluster has employed the best and brightest scientists in the world," said Governor McGreevey. "But other states are catching up and the time has come for us to shift the cluster into high gear for the new century."

The Governor added that New Jersey is on the path toward greater cooperation between the business, education and government sectors because of the creation of the New Jersey Life Science Cluster Initiative, launched by Prosperity New Jersey four months ago.

"Our initiative surveys the strengths and weaknesses of our life science cluster and puts forth an action agenda to enhance New Jersey's competitive advantage," said Adam M. Pechter, President and CEO of Prosperity New Jersey, which held its annual meeting at Princeton University today. "This is critical for our state. We lead the nation in life science. Yet, New Jersey faces unprecedented competition from other states such as California, Massachusetts and North Carolina for this asset."

"To capitalize on its historic strength in pharmaceuticals and consumer health products, New Jersey's life science companies, its universities, and state government will need to move in new strategic directions and address several fundamental challenges," said Michael E. Porter, Harvard University professor and international expert on strategy and competitiveness.

(more)

Porter presented the study's findings today to the board of Prosperity New Jersey, which is chaired by Shirley M. Tilghman, President of Princeton University, William C. Weldon, Chairman and CEO of Johnson & Johnson, and William D. Watley, CEO and of the NJ Commerce & Economic Growth Commission. Professor Porter, who contributed his time *pro bono*, served as a senior advisor to the initiative, which was conducted by the Monitor Group and sponsored by Prosperity New Jersey, the Biotechnology Council of New Jersey and the HealthCare Institute of New Jersey.

Porter noted that New Jersey became the world's leading pharmaceutical cluster by attracting and growing large companies with global reach. These companies employ the best scientists working in corporate labs and the best managers maintaining internal production systems.

"Competition in life science is shifting and evolving," Porter said. "Today, the fastest growing, most dynamic regions are characterized by great research universities and teaching hospitals; vibrant start-ups or new companies; extensive outsourcing; and effective linkages among companies, universities, and advanced clinical practitioners that facilitate technology transfer, the exchange of ideas, and partnerships."

"When Governor McGreevey asked our industry to participate in this study, we believed it was an important recognition by the Governor that pharmaceuticals and medical technology had truly assumed the status of New Jersey's premier industry. As we move forward with implementing the recommendations of this study, we will be looking to the Governor and state policy-makers to embrace the concerns of the life science cluster," said Bob Franks, President of the HealthCare Institute of New Jersey.

Debbie Hart, President of the Biotechnology Council of New Jersey said, "The results of this study could not come at a more opportune time because New Jersey is working to improve our higher education and research institutions and biotechnology and pharmaceutical companies continue to show interest in moving to or expanding in our state."

"No region can match New Jersey's collection of sophisticated global pharmaceutical companies," noted Professor Porter. "Areas like Northern California, Research Triangle North Carolina and Boston pursued strategies that played to their particular strengths: great research universities, entrepreneurship, fertile environments for the development of new biotech and device companies, and active collaboration throughout the cluster. These strategies proved successful, and now New Jersey must adapt. That is why this recent effort between Governor McGreevey and the life science cluster is so important and timely."

The initiative focuses on the state's innovative capacity in the life science cluster. Clusters are geographical concentrations of interconnected companies, their suppliers, and associated institutions in a particular field, linked by common technologies and skills. Wages, innovation, productivity, and new business formation are higher in clusters than among isolated firms. Clusters are the drivers of growth and prosperity in regional and national economies.

Surveying a century of economic development, Porter added that New Jersey has evolved its life science cluster around an array of large anchor companies in pharmaceuticals and health-related consumer products. The state's life science cluster currently enjoys a strong position with relatively high average wages, access to a strong supplier base and a large pool of highly skilled workers. As Porter indicated, "New Jersey has developed and retained talented workers, in part because of a desirable quality of life."

In detailing the study's action agenda, Porter urges New Jersey to support the merger of our state research universities as proposed by Dr. Vagelos and his Commission on Health Science Education and Training. He noted that the merger, if implemented, would not only help New Jersey increase its share of NIH funding from the federal government, where it currently ranks 24th, but improve in other key indicators. "New Jersey ranks 22nd among states and is last in the nation in total life science patent growth." "This low patenting output," Porter added, "is partly due the fact that no New Jersey university is among the leading university patentors in life science, and technology transfer efforts in the state lag behind other universities."

"Dr. P. Roy Vagelos and the Governor have advocated merging our state research universities to leverage our strength in life science," said Pechter. "It is our hope that the study will complement their efforts, creating a blueprint of cooperation between New Jersey's business, education and government communities in the years ahead."

In addition, regarding other potential action items, Porter said, "the cluster should develop R&D linkages and programs among New Jersey universities, industry and government around a strategy to increase manufacturing capacity. New Jersey should develop and expand university internship and externship programs within the life sciences industry, plan for incentives for investments in New Jersey-based life science start-ups, and explore utilization of state pension funds for investment in life science, all in an effort to maintain a leadership position."

"We plan to take the results of this study and expand our collaborative efforts to promote New Jersey's life science cluster," said Governor McGreevey. "We have the building blocks for an incredible economic expansion. By working together we can keep New Jersey at the forefront of one of the most important industrial sectors in the 21st century global marketplace."

A copy of the study is available at <http://www.prosperitynj.org>.

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Prosperity New Jersey Inc. is a 501(c)3 nonprofit organization. Our mission is to build links between business, education and government to create jobs and grow New Jersey's economy.